

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

Auditor SUZANNE M. BUMP | KATHLEEN M. FALLON | KATE FITZPATRICK | JAMES M. MACHADO | ROBERT B. MCCARTHY | JENNIFER F. SULLIVAN

MEMORANDUM

TO: Webster Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: January 20, 2017

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made, on average, on September 1 of each fiscal year. The schedule is effective in FY17 (since the amount under the prior schedule was maintained in FY17) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.75% to 7.50% and the adoption of a fully generational mortality assumption.

We indicated in our December 6, 2016 letter that although the funding schedules we provided reflected an average assumed payment date of September 1, in the past two years the actual payments have been somewhat later. We discussed this issue with the Board further at the Board meeting this week. Our understanding is that, going forward, mechanisms will be put in place to ensure timely payments are made. If the average assumed payment date needs to be adjusted, we will work with the Board to revise this schedule, if necessary.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

Enc.



Alternative 2
7.50% Investment Return
6.0% Total Cost increasing to FY30

**Webster Retirement System
January 1, 2016 Actuarial Valuation**

Total Cost increasing 6.0% increasing until FY30 with a final amortization payment in FY31

<u>Fiscal Year</u>	<u>Normal Cost</u>	<u>Net 3(8)(c)</u>	<u>Amort. of UAL</u>	<u>Amort. of 2002 ERIP</u>	<u>Total Cost</u>	<u>Unfunded Act. Liab.</u>	<u>Total Cost % Increasing</u>
2017	1,014,125	50,000	1,944,239	59,636	3,068,000	27,584,799	
2018	1,059,760	50,000	2,080,000	62,320	3,252,080	27,525,138	6.0%
2019	1,107,450	50,000	2,224,631	65,124	3,447,205	27,313,946	6.0%
2020	1,157,285	50,000	2,378,698	68,055	3,654,037	26,930,309	6.0%
2021	1,209,363	50,000	2,542,800	71,117	3,873,279	26,351,136	6.0%
2022	1,263,784	50,000	2,717,575	74,317	4,105,676	25,550,962	6.0%
2023	1,320,654	50,000	2,903,701	77,662	4,352,017	24,501,730	6.0%
2024	1,380,084	50,000	3,101,898	81,156	4,613,138	23,172,550	6.0%
2025	1,442,187	50,000	3,312,930	84,808	4,889,926	21,529,443	6.0%
2026	1,507,086	50,000	3,537,611	88,625	5,183,321	19,535,066	6.0%
2027	1,574,905	50,000	3,776,803	92,613	5,494,321	17,148,399	6.0%
2028	1,645,775	50,000	4,031,424	96,780	5,823,980	14,324,427	6.0%
2029	1,719,835	50,000	4,403,584		6,173,419	11,013,770	6.0%
2030	1,797,228	50,000	4,696,596		6,543,824	7,162,316	6.0%
2031	1,878,103	50,000	2,743,424		4,671,527	2,710,764	-28.6%
2032	1,962,618	50,000	0		2,012,618	0	-56.9%

Appropriation payments assumed to be made on average on September 1 of each fiscal year.

Normal cost assumed to increase 4.5% per year.

Assumed expenses of \$260,000

FY17 appropriation maintained at level of prior schedule.